



Agenda

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FINANCE COMMITTEE MEETING

FEBRUARY 16, 2009

5:15 P.M.

CITY COUNCIL CHAMBERS

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF CONSENT AGENDA

RECESS

SPECIAL MEETING OF THE GOVERNING BODY

FEBRUARY 16, 2009

CITY COUNCIL CHAMBERS

- A. CALL TO ORDER
- B. PLEDGE OF ALLEGIANCE
- C. INVOCATION
- D. ROLL CALL
- E. APPROVAL OF AGENDA
- F. DISCUSSION AND REQUEST FOR APPROVAL OF DIRECTION TO STAFF REGARDING THE FISCAL YEAR 2008/2009 GENERAL FUND BUDGET, THE FORECAST OF FINANCIAL RESULTS FOR FISCAL YEAR 2009/2010 AND FISCAL YEAR 2013/14 AND REGARDING THE POLICES AND ISSUES TO BE ADDRESSED IN THE FISCAL YEAR 2010/11 BUDGET (DAVID MILLICAN)
- G. ADJOURNMENT

RECONVENE FINANCE COMMITTEE MEETING



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5. APPROVAL OF MINUTES:

FEBRUARY 2, 2008

MATTERS FROM THE COMMITTEE:

6. UPDATE ON REVIEW OF PROFESSIONAL AND PERSONAL SERVICES CONTRACTS
(ROBERT RODARTE)

CONSENT AGENDA:

7. BID OPENINGS:

A. BID NO. 09/18/B – POLICE DEPARTMENT RENOVATIONS – PHASE II AND AGREEMENT BETWEEN OWNER AND CONTRACTOR; LOCKWOOD CONSTRUCTION COMPANY (CHIP LILIENTHAL)

B. BID NO. 09/19/B – PATRICK SMITH PARK RENOVATION AND AGREEMENT BETWEEN OWNER AND CONTRACTOR; HEADS UP LANDSCAPE CONTRACTORS (BEN GURULE)

1. REQUEST FOR APPROVAL OF BUDGET INCREASE – PROJECT FUND

8. REQUEST FOR APPROVAL OF PROCUREMENT UNDER STATE PRICE AGREEMENT – MATERIALS TO MAINTAIN CITY STREETS; J & H SUPPLY COMPANY (RANDY BLAKE)

9. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO LEGAL SERVICES AGREEMENT – LEGAL SERVICES; ART MICHAEL, ESQ. (FRANK KATZ)

10. REQUEST FOR APPROVAL OF PROFESSIONAL SERVICES AGREEMENT – MEETING FACILITATION AND PROCESS MANAGEMENT FOR LONG RANGE PLANNING DIVISION; JENKINS GAVIN DESIGN AND DEVELOPMENT, INC. (REED LIMING)

11. REQUEST FOR APPROVAL OF AMENDMENT NO. 1 TO MEMORANDUM OF UNDERSTANDING – RAIL RUNNER PROJECT; MID-REGION COUNCIL OF GOVERNMENTS (ROBERT ROMERO)



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12. REQUEST FOR APPROVAL OF WATER RIGHTS PURCHASE AGREEMENT – MIDDLE RIO GRANDE CONSERVANCY DISTRICT; ESTATE OF RAMONA JARAMILLO (DALE LYONS)
13. REQUEST FOR APPROVAL OF BUDGET ADJUSTMENTS FOR WATER, WASTEWATER AND SOLID WASTE DIVISIONS (MAYA MARTINEZ)
14. REQUEST FOR APPROVAL OF JOINT POWERS AGREEMENT – SANTA FE COUNTY DAY REPORTING PROGRAM; COUNT OF SANTA FE (RICHARD DEMELLA)
15. REQUEST FOR APPROVAL OF QUARTERLY INVESTMENT REPORT AS OF DECEMBER 31, 2008 (HELENE HAUSMAN)
16. REQUEST FOR CONCEPT APPROVAL OF SALE OF REAL ESTATE AND VACATION OF RIGHT-OF-WAY DESIGNATION – PROPERTY LOCATED AT 644 W. SAN FRANCISCO STREET; JAMES A. SLEEPER (EDWARD VIGIL)
17. NEIGHBORHOOD STABILIZATION PROGRAM (MELISSA COLLETT DAILEY)
 - A. REQUEST FOR APPROVAL OF GRANT AWARD
 - B. REQUEST FOR APPROVAL OF STAFF RECOMMENDATIONS FOR FUNDING ALLOCATION
 - C. REQUEST FOR APPROVAL TO AUTHORIZE CITY MANAGER TO EXECUTE THE CONTRACTS WITH OUR HOUSING PARTNERS BASED ON OUTLINED GUIDELINES
 - D. REQUEST FOR APPROVAL TO AUTHORIZE CITY MANAGER TO APPROVE DIRECT PURCHASE OF LAND OR HOMES BY OFFICE OF AFFORDABLE HOUSING
18. REQUEST FOR APPROVAL OF A JOINT RESOLUTION SUPPORTING HEALTHY LIFESTYLES THROUGH EARTH KNOWLEDGE AND SUSTAINABLE PRACTICES FOR SANTA FE YOUTH (COUNCILOR CALVERT, MAYOR COSS, COUNCILORS WURZBURGER, BUSHEE, ROMERO, DOMINGUEZ AND TRUJILLO) (KATHERINE MORTIMER)

Committee Review:

Children and Youth Commission (No Action)
Sustainable Santa Fe Commission (Approved)
Public Works Committee (Approved)
City Council (Scheduled)

January 27, 2009
January 29, 2009
January 9, 2009
February 25, 2009

Fiscal Impact – No



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19. REQUEST FOR APPROVAL OF A RESOLUTION RECOGNIZING AND SUPPORTING THE EFFORTS OF THE SANTA FE CIVIC HOUSING AUTHORITY TO CONSTRUCT AND OPERATE THE HOPEWELL-MANN MULTI-PURPOSE COMMUNITY CENTER (COUNCILOR DOMINGUEZ) (ROBERT ROMERO)

Committee Review:

Public Works Committee (Approved)
City Council (Scheduled)

February 9, 2009
February 25, 2009

Fiscal Impact – Yes

20. REQUEST FOR APPROVAL OF A RESOLUTION DIRECTING STAFF TO PREPARE THE NECESSARY DOCUMENTS TO COMPLETE THE DONATION OF APPROXIMATELY FIVE ACRES OF VACANT CITY OWNED LAND LOCATED ADJACENT TO THE SANTA FE NATIONAL CEMETERY TO THE NATIONAL CEMETERY ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS (COUNCILOR BUSHEE AND MAYOR COSS, COUNCILORS TRUJILLO, CALVERT, ROMERO AND DOMINGUEZ) (JACK HIATT)

Committee Review:

Public Works Committee (Approved)
City Council (Scheduled)

February 9, 2009
February 25, 2009

Fiscal Impact – Yes

21. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SECTION 23-5.4 SFCC 1987 TO INCLUDE THE PROHIBITION OF BOOTHS OR TABLES OR SIMILAR OBJECTS ON THE GRASSED AREAS OF THE PLAZA PARK (COUNCILORS CALVERT AND BUSHEE) (FABIAN CHAVEZ)

- A. REQUEST FOR APPROVAL OF A RESOLUTION ESTABLISHING A PLAZA ROUND TABLE AND DIRECTING STAFF TO WORK WITH THE PLAZA EVENT ORGANIZERS TO MITIGATE THE IMPACTS OF PLAZA EVENTS (COUNCILOR CALVERT) (FABIAN CHAVEZ)

Committee Review:

Public Works Committee (Approved)
City Council (Request to Publish)
City Council (Public Hearing)

February 9, 2009
February 25, 2009
March 25, 2009

Fiscal Impact – Yes



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22. REQUEST FOR APPROVAL OF AN ORDINANCE AMENDING SECTION 12-6-5.8 REGARDING TURNING AND STOPPING MOVEMENTS AND REQUIRED SIGNALS; SECTION 12-6-12.18 REGARDING PROHIBITED ACTIVITIES WHILE DRIVING; SECTION 12-6-13.15 REGARDING INJURIOUS MATERIALS ON CITY STREETS; SECTION 12-9-9 REGARDING DESIGNATED DISABLED PARKING SPACES; SECTION 12-12-20 REGARDING THE VEHICLE IMMOBILIZATION (BOOT) PROGRAM; THE TRAFFIC VIOLATION PENALTY ASSESSMENT SCHEDULE; AND THE PARKING VIOLATION PENALTY ASSESSMENT SCHEDULE ALL OF THE CITY OF SANTA FE UNIFORM TRAFFIC CODE (COUNCILOR TRUJILLO) (ERIC JOHNSON)

Committee Review:

Public Safety Committee (Approved)
Public Works Committee (Approved)
City Council (Request to Publish)
City Council (Public Hearing)

January 22, 2009
February 9, 2009
February 25, 2009
March 25, 2009

Fiscal Impact – Yes

23. REQUEST FOR APPROVAL OF A RESOLUTION AUTHORIZING AND APPROVING SUBMISSION OF AN EXECUTED AGREEMENT TO THE DEPARTMENT OF THE ARMY FOR DESIGN AND CONSTRUCTION FINANCIAL ASSISTANCE FOR THE CANYON ROAD WATER TREATMENT PLANT UPGRADES (COUNCILORS WURZBURGER, ROMERO AND CALVERT) (BRYAN SNYDER)

Committee Review:

Public Works Committee (Approved)
City Business & Quality of Life (Approved)
Public Utilities Committee (Approved)
City Council (Request to Publish)
City Council (Public Hearing)

August 25, 2008
November 19, 2008
December 3, 2008
January 14, 2009
February 11, 2009

Fiscal Impact – Yes

- A. REQUEST FOR APPROVAL OF AGREEMENT – DESIGN AND CONSTRUCTION ASSISTANCE FOR THE CANYON ROAD WATER TREATMENT PLANT UPGRADES; DEPARTMENT OF THE ARMY (BRYAN SNYDER)

1. REQUEST FOR APPROVAL OF BUDGET INCREASE – GRANT FUND

END OF CONSENT AGENDA



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DISCUSSION:

- 24. OTHER FINANCIAL INFORMATION:
- 25. ADJOURN

Interpreter for hearing impaired is available through City Clerk's Office upon 5 days notice.

**SUMMARY INDEX
SPECIAL CITY COUNCIL MEETING
February 16, 2009**

<u>ITEM</u>	<u>ACTION</u>	<u>PAGE #</u>
CALL TO ORDER AND ROLL CALL	Quorum	1
APPROVAL OF AGENDA	Approved	1
DISCUSSION AND REQUEST FOR APPROVAL OF DIRECTION TO STAFF REGARDING THE FISCAL YEAR 2008/2009 GENERAL FUND BUDGET, THE FORECAST OF FINANCIAL RESULTS FOR FISCAL YEAR 2009/2010 AND FISCAL YEAR 2013/14 AND REGARDING THE POLICIES AND ISSUES TO BE ADDRESSED IN THE FISCAL YEAR 2010/11 BUDGET	Approved	2-29
ADJOURN		29

**MINUTES OF THE
SPECIAL MEETING OF THE
GOVERNING BODY
Santa Fe, New Mexico
February 16, 2009**

CALL TO ORDER AND ROLL CALL

A special meeting of the Governing Body of the City of Santa Fe, New Mexico, was called to order by Mayor David Coss, on February 16, 2009, at approximately 5:20 p.m., in the City Hall Council Chambers. Following the Pledge of Allegiance and Invocation, roll call indicated the presence of a quorum, as follows:

Members Present

Mayor David Coss
Councilor Rebecca Wurzburger, Mayor Pro-Tem
Councilor Patti J. Bushee
Councilor Christopher Calvert
Councilor Miguel Chavez,
Councilor Matthew E. Ortiz
Councilor Rosemary Romero
Councilor Ronald S. Trujillo

Members Excused

Councilor Carmichael A. Dominguez

Others Attending

Galen Buller, City Manager
David Millican, Finance Director
Frank Katz, City Attorney
Yolanda Y. Vigil, City Clerk
Melessia Helberg, Council Stenographer

E. APPROVAL OF AGENDA

Councilor Calvert moved, seconded by Councilor Bushee, to approve the agenda as presented.

The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzburger voting for the motion and none against.

F. DISCUSSION AND REQUEST FOR APPROVAL OF DIRECTION TO STAFF REGARDING THE FISCAL YEAR 2008/2009 GENERAL FUND BUDGET, THE FORECAST OF FINANCIAL RESULTS FOR FISCAL YEAR 2009/2010 AND FISCAL YEAR 2013/14 AND REGARDING THE POLICIES AND ISSUES TO BE ADDRESSED IN THE FISCAL YEAR 2010/11 BUDGET. (DAVID MILLICAN)

A copy of "City of Santa Fe Fiscal 2009-2010 Budget reduction options," is incorporated herewith to these minutes as Exhibit "1."

A copy of "SUPPLEMENTAL City of Santa Fe Fiscal 2009-2010 Budget reduction options," is incorporated herewith to these minutes as Exhibit "2."

A copy of "City of Santa Fe Base Rate Adjustments 2007-2010," is incorporated herewith to these minutes as Exhibit "3."

A copy of a "City of Santa Fe Total Gross Receipts Taxes Collected, July 2001 through June 2009," with attachments, is incorporated herewith to these minutes as Exhibit "4."

Galen Buller, City Manager, thanked staff of the Finance Department for their input and Human Resources who spent a lot of time putting the materials together.

Mr. Buller suggested that Mr. Millican make a preliminary report based on the material provided to the Councilors in the packet and by email this morning, and then staff will answer questions.

Mayor Coss said everything is in the Council packets, on the desk, or in the Council boxes.

David Millican, Finance Director, said through the meeting of January 5, 2009, the GRTs and Lodger's Tax for the City were flat. The most recent information is a 13% drop in Lodger's Tax and a 12% drop for GRTs, with the GRTs year to date at minus 1.79%. As a result, the presentation this evening is based on 2% down and 10% below that for FY 2010 and flat for FY2011. The model shows slow recovery of 1% in FY2012, 2% in 2013 and 3% in 2014, with the assumption that the GRTs will stay down and the economy won't spring back and produce a lot of revenues by the end of the 5-year forecast, and will approach normal growth rates in the last year of the forecast. Also presumed is the drop in interest rates and that the interest on the City's investment portfolio will drop by ½ next year. Program revenues, especially related to development services have dropped, noting there is a 40% drop even with the fee increases approved by the Council. All of these factors have been taken into account in the Five-Year Forecast.

Mr. Millican said the five-year forecast does not include any new positions, except the positions that would be added this year, and positions added as part of the Police expansion program which would be six sworn officers to staff a Street Crimes Unit and a control technician for the property room to ensure the Department meets legal requirements in management and control of evidences.

Mr. Millican said, in terms of compensation costs, one year of increases is included, pursuant to the contracts which are in effect for the Police Department which is a 2% cost of living increase and a 1% longevity increase and a 4% increase contracted with AFSCME. For any bargaining group or group of employees who do not have a contract in place, we are assuming there will be no pay increases for two years, and for those with contracts, we are summing no pay increases for two years, following the end of their current contracts. For the years following those zero rates, we are showing a pay increase and then returning to a 4% increase in the out-years of the forecast.

Mr. Millican said the accuracy of the 4th and 5th years isn't huge, and many things will change between now and then, and that information should be considered as a warning as the way things could go for lack of action.

Councilor Chavez asked if the five year forecast factors in the outside contracts for services and other work we do in different departments.

Mr. Millican said there is a significant section on the outstanding contracts for consideration in the Finance Committee meeting. However, this forecast basically uses statistical analysis leavened with judgment to determine the spending levels.

Councilor Chavez said as the budget gets tighter, we need to scrutinize the contracts and determine whether we are being more efficient in spending money on outside contracts.

Mr. Millican said the forecast shows what would happen if the City took no action, with the exception of deferring the full police expansion previously approved by the Council. He said some of the reduction suggestions from the departments would involve these contracts. He said labor negotiations, contract review and service redesign are going to be efforts during the next year as we deal with the financial issues.

Councilor Chavez asked if there is a short list of the positions proposed to be filled in the Police Department.

Mr. Buller said that list was circulated at the last Council meeting.

Mr. Millican said staff has been strictly limiting refilling of vacancies, and the number of vacancies far exceeds the number of staff additions, and they will provide that report. Mr. Millican said the forecast does not include the 54 person expansion of the Police Departments' 45 officers and 9 civilians and it includes only the 7 he mentioned.

Mr. Millican said the projection is that in FY 2010 and subsequent years there will be a \$13 million annual budget cap. He said if you solve the \$13 million gap, you will prevent it from recurring in each of the following years. We have to determine how to close the gap to stabilize services, and to close the gap rapidly and rebuild our services based on available revenues.

Mr. Millican said every fund and function will be effected. It is likely that the General Fund will have to charge the full cost of services it delivers to other funds as opposed to a lower level of costs as we do now. It is possible that some costs would have to shift into other funds. Funds tied to rates and fees will be subject to the same cost control scrutiny as other funds as we go forward.

Mr. Millican said because of the depth of proposed reductions it is likely that Public Safety will have to take its portion of the reduction, as determined by the Council.

Mr. Millican said there is no single source with sufficient funds to broach the \$13 million shortfall. Staff will be working on the effects of annexation and construction of facilities which will require future maintenance. It isn't clear how the economy will be impacted before the economic downturn is over.

Responding to Councilor Calvert, Mr. Millican said the list of assumptions wasn't prepared in time to be included in the packet, but staff will get that to the Councilors.

Councilor Calvert said this is key in making decisions.

Councilor Wurzbarger asked for a reiteration of assumptions dealing with pay raises for City employees.

Mr. Millican said the model shows that contracts in effect would continue through the end of their effective period. AFSCME would extend through FY 2010 and the Police through FY 2010. The units not under contract, non-union and fire, are shown with no pay increase next year or the year after. All units are shown with a 11.3% increase in health insurance costs which is typical. There are no new positions, no positions hired after June 30, 2009, and primary positions to be hired then are the six police office and the evidence and property tech in the Police Department. A severe hiring freeze has been imposed, but other positions considered critical could be hired during that period.

Councilor Trujillo asked if the freeze includes the Fire Department.

Mr. Millican said the freeze isn't being applied to Fire or Police Departments.

Mayor Coss said it is a vacancy freeze.

Responding to Councilor Chavez, Mr. Millican said requests to fill other positions go through a "grilling" to be sure we need them and they can't be handled other ways.

Councilor Wurzbarger said then it is a solid freeze except for Fire and Police.

Mr. Buller said the assumption for the new fiscal year, beginning July 1st, does have a solid freeze.

Responding to Councilor Wurzbarger, Mr. Millican said the forecast for next year has a 6% forecast. He said there is an option which is less freeze than elimination of vacant positions with a 25% savings factor set aside to hire critical positions.

Mayor Coss asked if this is above the 6% vacancy savings we have now.

Mr. Millican said this sets aside 25% to hire critical positions, such as long term health providers, or drivers to deliver supplies and meals to Seniors, lifeguards, and such.

Councilor Bushee said, regarding "Positions Not Yet Filled," she sees positions which

she doesn't consider to be urgent. For example, the Sustainable Santa Fe Special Projects Manager, Renewable Energy Planner, Land Use Planner Senior. She asked where these pending positions stand.

Mr. Buller said that column means they were advertised, but didn't blossom into hiring. Staff felt these positions were ones for which there could be argument, and we haven't gone forward with hiring.

Councilor Bushee said it is difficult to consider other options which may need to be considered down the road, such as furloughs, commenting she doesn't see a solid freeze. She asked if staff is asking the Governing Body to weigh in on this now.

Mr. Buller said it isn't his intent this evening to ask the Governing Body whether or not you want a hiring freeze. If you're okay with how we've done it to now, we'll continue to do that, noting he has hired one position of those advertised after the Resolution.

Mr. Buller said one of the options which is presented for next year is to eliminate all vacancies, start over again and we can decide whether or not staff has discussion on how the 25% are refilled. If you want a hard freeze we can do that, but there are times when we will have to come back to this body about core function positions, and we would need to develop a procedure for that.

Councilor Bushee would like to see a policy about what kind of freeze we're undertaking.

Mr. Buller said a hard freeze has never been implemented. A Resolution was adopted saying we should look at it and come back with recommendations. He believes that staff would have some discretion for the really critical positions, noting that policy can be fleshed out by this body.

Mayor Coss said we could eliminate all vacant positions, reserve 25% for new positions and require the City Manager to come back to the Governing Body to justify each request to create a position.

Mr. Buller said it was envisioned this would be filling and refilling of vacancies.

Councilor Wurzbarger said the Governing Body continues to get weekly notices of job postings via email. She asked if these have been deemed critical.

Mr. Buller said a few have been posted and have gone through at least one level of scrutiny, but it doesn't mean those postings will result in a position being filled. He said this allows a list in the event of a vacancy. He noted he is seeing only about one a week, most of which are public safety positions in one way or another.

Mayor Coss said there are \$40 million in proposed options, noting these don't all add together. He asked Mr. Buller to address this.

Mr. Millican said, regarding the 46 options, you can't add them and cut \$40 million from the \$80 million budget and have everything operational. He said there is one set of reductions which would be differential reductions for Public Safety, city-wide administration and general

fund services. He said these reductions in almost all cases are likely to completely use up all non-personnel options and could in fact result in layoffs to reduce service levels. In other areas, they identify specific programs which could be eliminated. The whole series of reductions relating to personnel are almost a number of potential options for negotiation, but we can't implement all of them. He noted there are placeholders for decreases of 1% in Public Safety and non-safety, and to give an idea of how much a pay reduction produces, or a furlough, or shortened work week, or changes in holiday rules. These wouldn't be considered add-ons, and we would have to calculate an appropriate number and then negotiate it.

Councilor Chavez said there is a list of nonprofits which receive substantial lump sum funding and asked if that is part of the discussion.

Councilor Chavez said on page 4 of the Memorandum, in looking into the future as it relates to annexation, we know there will be a stress on the systems. He said we should generate some new GRTs and impact fees during construction.

Mr. Millican said this analysis focuses on the General Fund impacts, but impact fees and construction funded by impact fees would be part of the fiscal impact analyses.

Councilor Chavez said we need to be diligent in collecting the GRTs from companies who are working here during construction of projects.

Mr. Millican said they met with the State last week to discuss these kinds of issues. They will be talking with Long Range Planning about the fiscal impact analysis done for the annexation. He said the economy could result in significant changes in the planned development in the annexed territory.

Councilor Ortiz asked Mr. Buller what are staffs' hopes for outcomes from tonight's meeting.

Mr. Buller said this is a plan for how the budget will be developed for the new FY. Staff has a few weeks to take back policy direction from this Council, which could include picking some of the options from among the options. Staff would like decisions on the level of detail presented by Mr. Millican.

Councilor Ortiz asked if we still need to trim \$16-\$18 million from the budget.

Mr. Millican said during the review they discussed issues in the modeling which allowed a reduction to \$13.5 million. He is confident that the \$13.5 million is a more accurate reflection of where we would be if the GRT is 10% lower.

Councilor Ortiz asked if we are confident that this historic reduction in the GRTs can be relied on to do next year's budget.

Mr. Millican said he can't say for sure, but staff believes 10% is a reasonable number for planning. However, we need to keep an eye on the national and local economy, and we may need to make adjustments in late May.

Councilor Ortiz said he has had specific ideas for some time as to how to resolve the

shortfalls. He urged the Governing Body to give direction to staff to allocate more than a 10% reduction. He believes it is better to be wrong and have more money, than what we have experienced in this fiscal year. We need to be very austere in our projections, noting 10% is the bare minimum. He said we are belt tightening across the board and we need to do address the way we spend our money, commenting that 80% of our money is spent for personnel. He does not believe we can continue to patch together financial plans which don't have personnel costs as a major factor. He believes the upcoming budget hearings will be tough, and we will need to scrutinize the efficiencies we have and look where there might be personnel excesses. He does not agree that we can balance this by continuing to shift funds and believes that to be irresponsible. He said any motion needs to direct staff to go to the table and renegotiate. We are in different times and we need to go back and renegotiate those.

Councilor Bushee said she isn't getting an indication which options the administration is recommending over others.

Mr. Buller said these are the recommendations.

Councilor Bushee asked, for example, if staff really considers Option 5 which is a change in water rates.

Mr. Millican said staff did discuss the \$2 million loan repayment. Staff assembled this list on the assumption we would not make political or policy judgments, but look at places for gap-closing measures which would work for the Council. Staff wanted to point out that if the General Fund is having more difficulty than anticipated, we would come back and talk about that.

Councilor Bushee asked about Item #24 a one day furlough with policy.

Mr. Buller said Mr. Millican said this is one of the assumptions in the five-year projection, and staff is providing ways to reduce the short fall. He emphasized that as we're starting to look at the spreadsheet, there are assumptions which go into it as well. He said there is an assumption, on every item dealing with employees in terms of conditions of work, that it would mean going back for negotiation.

Councilor Bushee said, other than labor related issues, almost everything else in here is "nickel and dime."

Councilor Bushee said Option #1 says, "Impose additional .125% or .250% municipal GRT increment to pay for general fund services."

Mr. Millican said in 2007, the Legislature granted an additional GRT authority to local governments to be imposed in increments of 1/4% or 1/8%, and it goes to the General Fund. It can be imposed by the Council with an election, although the Council could decide to take it to the voters before imposing it.

Councilor Bushee said Option #2 says, "General Fund Departments [decreased] by 15%," and asked if this is feasible, having already asked them to reduce by 10%.

Mr. Millican said in these reductions we are looking at reductions which could possibly result in layoffs, so that's feasible only with layoffs.

Councilor Bushee doesn't see the point in getting rid of the allocation for the Youth and Human Services Programs, given the economic times in the City and State, and asked where people will turn for some of these services.

Mr. Millican said staff concluded it is not its role to decide on the level of what would be addressed.

Responding to Councilor Bushee, Mayor Coss said we need to give staff guidance this evening, because they need to start developing budgets to bring to Finance Committee.

Councilor Bushee said the Council discussed the issue of reopening union contracts in Executive Session at the last meeting, and asked if we would like to discuss that publicly now. She wants to have that discussion publicly.

Councilor Romero said it seems all 42 options are viable. In looking at the list, we are looking at the internal efficiencies to get below 10%. She noted some departments went beyond the 10%, and that is a possibility. She suggested holding a public process similar to that in Phoenix to discuss the reduction of services and expenditures, as well as to see what the public can live with.

Mr. Buller said this is a possibility, but we have a relatively short time frame to do this which is mandated by State law and we have to be sure that fits in the budget process which will take considerable give and take between this body and the departments. He emphasized that these are more options than recommendations. He said they did ask the departments to show how they would meet an additional 10% and that work has begun. In almost all cases that got to personnel reduction and staff didn't want to go further without guidance from this body.

Councilor Chavez said, with regard to Option #3, it could be argued to leave a portion and not eliminate all of it, although we could eliminate the ½% for healthy lifestyles and the ½% for Human Services allocation and leave the remainder. He said there is a total of 46 options including the supplemental sheet. On the supplemental sheet [Exhibit "2"] Option #4 is "Eliminate City support for school guard program." He spoke about our investment in the schools through arts related programs, after school programs and such. He asked if these programs are funded primarily to nonprofits which do arts related programs.

Mr. Buller said virtually all of these funds are pass-through to nonprofits.

Responding to Councilor Chavez, Mr. Millican said the funding for the first \$223,000 for after school activities came from the General Fund, and the crossing guards are paid from the General Fund as well.

Councilor Calvert said the estimated reduction target is \$13.5 million, but believes we should go beyond that to \$16.5, so if things get worse, staff will know our thinking and can react more quickly. He said that will also give staff an idea where we might cut when we're already in the budget cycle.

Councilor Calvert noted there are two things included which would generate new revenue, but he isn't considering those until he is sure we've done everything possible to cut expenses. These wouldn't be easy to do given the current economic climate.

Councilor Calvert would hope for general agreement that we would give no pay increases in the coming FY, whether or not they are in current union contracts. He believes it should apply to everybody across the Board, and believes that would make it easier to swallow. He would hope that all of the employees would entertain that notion before asking us to cut positions or salaries in one area to fund a negotiated increase in another area.

Councilor Wurzbarger said she wants to reinforce what Councilor Ortiz said regard negotiation. She believes we have to renegotiate the contracts, and we should quit talking about how and when we should do it. She said in Finance Committee we discussed that the pay increases are tied to the availability of funds, and it is clear the City is facing a bad deficit and there is a basis for this. She supports no pay increase across the board. She said it is hard to go to the public with another rate increase until we have cut everything that we can.

Councilor Wurzbarger said she is concerned about the process we use in making decisions tonight in giving direction for staff to meet with the unions again. She would like for us to say this is one way to get to the \$16 million, and then "take it for negotiation." She said we have to look for the big numbers to get to \$13-\$16 million, and she wants us to make those priorities tonight starting with the pay increase and eliminating the option of a GRT or property tax increase at this time.

Councilor Trujillo said there is a listing of all of the contracts in the packet, and asked if staff has whittled that down.

Mr. Millican said it was whittled down to delete contracts which are no longer active, but there have been no cuts, and the ones on the list are active contracts.

Councilor Trujillo asked if all of the contracts are crucial to the City.

Mayor Coss said there is a big difference between "important" and "crucial."

Councilor Trujillo wants to know how many contracts are crucial, how many are duplicated, how many we don't need and how many we can adjust. He said, for example, we're giving money to the Boys and Girls Club to send kids to do recreation at Silva Lanes and Silva Lanes is closed.

Mr. Millican said staff will work on that, but they haven't been able to do analytical review, other than at the very highest level.

Councilor Trujillo would like to look at Councilors' expenses in terms of trips, etc., and believes we need to look at money we're spending. If the trip is crucial, we need to take it, but if not, that is where we can save money.

Responding to Councilor Ortiz, Mr. Millican said Item #22 is anybody who is not public safety, including AFSCME and non-union.

Councilor Ortiz said then AFSCME's 4% is \$1 million and 4% of non-union not in public safety is another \$1 million.

Mr. Millican said these aren't additive, and one of the things the Council had identified was not to proceed with the last year of the three-year contract.

Councilor Ortiz said then the aggregate of #11 and #22 would be \$2 million, and Item #10 folds into that.

Mr. Millican said it would be \$1.3 million and \$700,000 would be for non-union.

Councilor Ortiz said the roll back of public safety pay is just for the Police Department, and asked if it includes Fire as well.

Mr. Millican said the pay roll backs are general roll backs whether through ending the contract or renegotiating lower pay. He said our model shows that is the value of the 1% public safety rollback.

Councilor Ortiz said Items #32 through #36 should be those the administration should be working on in the normal course of business, and asked why we shouldn't have stricter limits on overtime and compensatory time, and have a proposal regarding restructurings related to retirements and vacancies. He said there is some stuff that we could implement immediately instead of waiting until we give direction and it is built into the budget.

Mr. Millican said some of these can be implemented immediately. The reason they're listed here is that model doesn't forecast that the restructuring or different levels of expenditures will happen. He said the really difficult overtime question in the General Fund is for Police and Fire. They work hard to manage the overtime, but the minimum staffing levels often interact with that. He said we're talking about being as strict as possible, and they have collected data from both Police and Fire about the uses and causes of the uses of the overtime which we think will help reduce overall levels.

Councilor Ortiz asked if the Council were to give direction to freeze all pay increases scheduled to go into place for the next fiscal year for everyone in the City – under contract or not under contract – then we're talking about the aggregate of 22 x 4% and 31 x 4%.

Mr. Millican said in the model, Fire and non-union employees have no increases. If you freeze pay increases it would be for promotions, base rate adjustments and such, so the number would be less than \$500,000. It would be a pay level rollback to a lower level for non-union and Fire to achieve savings.

Councilor Bushee asked about Items #26 and #29.

Mr. Buller said these should be discussed together. The City has been granted Part 139 status which will allow for commercial flights, and Part 139 has an associated cost, most for Fire. He said \$300,000 is needed to keep a fire station on the airport. He said we could eliminate it temporarily, and if commercial flights come in, we can come back and say it will pay for itself. The second is to move funds from the CIP GRT funds so this isn't paid from the General Fund.

Councilor Bushee asked if other people are using the Part 139 certification status now.

Jim Montman, Airport Director, said currently there is one flight per month, plus occasional commercial flights under Class 4 of Part 139 certificate. These are strictly charters. He said one comes in from Fort Worth monthly which serves Buffalo Thunder, and that requires the current fire support. There is a \$2.5 million fire station being built right now and a \$500,000 fire truck was purchased. He said there are ways to reduce the presence of the firefighters, but eliminating it would mean he has to turn in the Part 139 certificate and lose all commercial service. He said when the EA is done at the end of this month, he would have to go through the entire process to get American Eagle and Delta in here, neither of which have backed off from their commitment to come to Santa Fe.

Councilor Bushee said, "So, are you saying you don't like the language to eliminate the airport commercial plan."

Mr. Montman said, "I guess I could have said it that way. Yes, Councilor."

Councilor Bushee asked if temporary suspension would take care of this, and how much money we can save doing this.

Mr. Montman said, assuming the EA is complete, we could have commercial service as early as May or June and if both airlines actually commit. Once it starts, we are looking at a potential of 60,000 enplanements and a \$50 million economic benefit to the community – three times spent money. He believes this investment is important.

Councilor Bushee wonders how this got on this list.

Fire Chief Rivera said they have had firefighters at the Airport for the last 1½ years, and the union has committed to make this program work. "And for us to take a step back now, we would never get people out there again. It's very quiet out there. It's not the most exciting station to be at, but they've made the commitment to make it work, and to go backwards, it would be difficult in 6 months or 8 months to try to get it back to where it is right now."

Responding to Councilor Bushee, Chief Rivera said they are committed to serve just the airport.

Action on the 46 Options proposed by staff

Mayor Coss said it appears the Council likes the figure of \$16 million, and suggested that we just go through the 46 options and vote on which ones to pursue.

It was the consensus among the Council to proceed as recommended by the Mayor.

Councilor Wurzbarger moved, seconded by Councilor Ortiz, that the Council is seeking \$16 million minimum in cost savings. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against.

Mr. Buller suggested taking "your vote to whatever binding level it is to the departments and then we'll bring that implemented as a budget, and then you'll really get to vote on it. So I just wanted to clarify that."

Mayor Coss said many of these things are very general and will be more fleshed out for Finance Committee.

Councilor Romero asked if the second part would be not to delete anything which brings revenue in as part of our criteria, and give that as general staff to staff.

Mayor Coss said that can be a part of the process as we go through these items.

Item #1 *Impose additional GRT increment to pay for general fund services in the amount of \$8 million (8,000,000).*

There was no direction by Council at this time.

Item #2 *Reduce non-safety and non-support General Fund Departments by 15% (\$4,700,000).*

Councilor Wurzbarger moved, seconded by Councilor Calvert, to approve this recommendation, with direction to staff that, rather than looking at the 15%, we're giving guidance not to eliminate the positions in the City which generate income in addition to providing service.

Discussion: Councilor Chavez would like a list of these departments and/or employees.

Councilor Ortiz said we would give direction to staff to provide that list of positions when the budget comes through for the normal process. Responding to Councilor Chavez, Councilor Ortiz said positions within departments and divisions would meet those conditions.

Responding to Councilor Bushee, Mayor Coss said the enterprise funds don't help to close the \$16 million shortfall.

Responding to Councilor Bushee, Mr. Millican said this list is focused on closing the gap in the general fund, so this same kind of analysis could be prepared for Council consideration.

Councilor Bushee would like to see the same kind of exercise for enterprise funds to see what it generates as a part of the next budget exercise.

The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against.

Item #3 *Eliminate GRT Allocation for Children & Youth (3%), Human Services (2%) and Economic Development (1%) and eliminate new ½% for Healthy Lifestyles and ½% Human Services allocation (\$2,500,000).*

Councilor Chavez would like to replace “eliminate” with “reduce.” He asked if the positions have been filled for Healthy Lifestyles and Human Services, and staff said they have not been filled.

Councilor Chavez moved, seconded by Councilor Bushee, to reduce the GRT allocation for Children & Youth, Human Services and Economic Development and eliminate the ½% for Healthy Lifestyles and ½% for Human Services allocation, to produce \$1,000,000 in savings.

Discussion: Councilor Wurzburger would like to change this back to reduce the GRT allocation as recommended by staff.

Councilor Chavez said that would be okay, but this creates new positions and that is one reason we want to argue against this. He said although this is pass-through money, this is money we want to capture for other things.

Friendly amendment: Councilor Ortiz suggested, instead of eliminate, to be reduced by 15% for all of the programs and to have staff come back with their proposals for a reduction of 15% which will generate \$375,000. **The amendment was friendly to the maker and second, and there were no objections by the other Councilors.**

The motion, as amended, was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzburger voting for the motion and none against.

Item #4 *Four 9 hour days for non-safety (\$2,125,000).*

Responding to the Mayor, Mr. Millican said this could be identified as one of the Council's desirable strategies in terms of negotiating lower compensation. He cautioned that because we will be in labor negotiations, the outcome may not be exactly as we would hope it would be, but this would give staff direction as to focus. In this case, we're talking about Council support for a reduced work week, which will result in reduced facility hours.

Councilor Bushee suggested that all of these kinds of options should be discussed together.

Mayor Coss said we will leave these until the end, and these may be covered in negotiations with the unions.

Item #5 ***Change water rate increase to 9.5% to repay \$2 million per year on system acquisition loan from CIP GRT to pick up eligible maintenance expenditures now paid by the General Fund (\$2,000,000).***

Councilor Calvert moved, seconded by Councilor Chavez, to not do this option.

Discussion: Councilor Bushee noted changing the rate has a cost.

Mr. Millican said in this case, all of the rate work is relatively fresh.

The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzburger voting for the motion and none against.

Item #6 ***Reduce Public Safety Expenditures by 5% (\$1,900,000).***

Councilor Ortiz asked how this relates or how it differs from Item #8.

Mr. Millican said in this case you would not have the ability to add those together. The Council could decide not to reduce staff except through negotiations, and want to see M&O reduced. If you pick a percentage reduction, you affect all the departments as opposed to just the M&O.

Councilor Ortiz said by choosing #2, it effectively removes #6, #7 and #8.

Mayor said no, just #7 and #8.

Mr. Millican said #7 is just another class of departments being reduced. But you would see the savings which otherwise come through if you approved #8, proposed as ways to cut budget, "and #6, or #2 or #7."

Mr. Buller said #6 and #2 aren't in conflict, because one is 5% for safety and the other is 15% for non-safety.

Councilor Calvert said #8 could be a subset for #2.

Mr. Millican said yes. The departments, in the first set of reductions, looked first to operation and maintenance ["O&M"], but those costs have been carefully controlled by the Council in the past, and can't continue to be cut much deeper.

Councilor Wurzburger moved, seconded by Councilor Calvert, to approve this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzburger voting for the motion and none against.

Item #7 *Reduce Administrative Department expenditures by 10% (\$1,800,000)*

Councilor Wurzbarger moved, seconded by Councilor Calvert, to approve this option.

Discussion: Councilor Calvert said this could be included with #2 or #6.

Mr. Millican said #2 excludes public safety and support departments. This is a differential reduction with 5% reductions of public safety and two times that in departments that serve the entire City and three times that reduction level for non-safety and non-support services.

Mr. Millican said the administrative departments would be IT, Finance, H.R., City Council and City Clerk.

Councilor Bushee asked why he isn't suggesting 15% for these departments.

Mr. Millican said mostly because those departments which are paid from the General Fund provide services throughout the \$240 million budget, so the reduction in the General Fund could affect the ability to provide the support services needed throughout the organization. There are methods for obtaining reimbursement from those funds outside the General Fund to offset the costs, such as overhead charges to external funds.

The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against.

Item #8 *Reduce Maintenance & Operation ["M&O"] by 10% (\$1,500,000)*

Councilor Wurzbarger moved, seconded by Councilor Calvert, a no vote on this item. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against.

Item #9 *Eliminate vacant non-safety positions, retaining 25% of cost for reinstatement of critical positions by the City Manager; reduce vacancy factor to 4% (\$1,350,000)*

Councilor Wurzbarger moved, seconded by Councilor Romero, to approve this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against

Item #10 *Suspend Police Expansion beyond Street Crimes Unit (\$1,300,000)*

Councilor Ortiz said if this could be one of the nested items. Since we've proposed a reduction in Public Safety Expenditures by 5%, which automatically means we're not going to do the expansion.

Councilor Ortiz asked if this could mean that Item #10 gets nested into the result of #6.

Mr. Millican said the gap we're closing is the gap shown by the model which is \$13.5 million which does not include any of these petitions. This is probably the one gap closer here that we've identified as a major policy decision by the Council where the expenses are not reflected in the five-year model. So, if you eliminate it, it doesn't improve the model, but it does give clear policy direction to staff.

Mayor Coss said this is like saying hire the Street Crimes Unit, but don't do the rest of the 15 officers, and Mr. Millican said this is exactly what this says.

Councilor Wurzbarger moved, seconded by Councilor Calvert, to approve this option.

Discussion: Councilor Ortiz said we've gone to the public twice on an increase to tax on a police expansion.

Mayor Coss said there was no tax increase for this expansion and we were trying to do it with vacancy savings and revenue growth.

Councilor Bushee asked Chief Johnson to speak to this. She said in some instances, some of these things are bringing in fines and supporting other aspects. She wants to be sure we're not being short sighted, because as the economy fails, crime rates increase. She wants to be sure the Chief is okay with this.

Chief Johnson said, "Honestly, no, I'm not okay with this, but that's a reality as the economy continues to fail, we're going to have to monitor what the increases in crime are going to be. We'll do what we can."

Responding to Councilor Bushee, Chief Johnson said there are two vacancies from the originally allotted 155 positions, so he is hoping to get at least the 6 hired quickly and send them to the April Academy. He said the reality is he can't fill all 15 by the April Academy.

Responding to Councilor Bushee, Mayor Coss said the Chief would be okay if we approved Option #10, and not approve Option #12, because those are the 6 he's trying to hire, and Chief Johnson said this is correct.

Responding to Councilor Bushee, Mayor Coss said Chief Johnson can live with Option #10.

Councilor Bushee asked if we, the community, can live with this, reiterating that she doesn't want to be short sighted.

Chief Johnson said he can live with this, commenting that 10 officers will go a long way.

The motion was approved on a voice vote with Councilors Calvert, Chavez, Ortiz, Romero and Wurzburger voting for the motion and Councilors Bushee and Trujillo voting against.

Item #11 *Suspend AFSCME pay raises (\$1,300,000)*

Mayor Coss said this falls under furloughs and such, and is deferred.

Item #12 *Suspend Street Crimes Unit hiring plan (\$1,300,000)*

Councilor Bushee moved, seconded by Councilor Trujillo, for a no vote on this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzburger voting for the motion and none against.

Item #13 *Suspend paid holidays (\$1,000,000)*

Mayor Coss said this is a personnel cost, so it is deferred.

Item #14 *Increase property taxes (\$1,000,000 for FY 10/11)*

Councilor Chavez, seconded by Councilor Wurzburger, moved to deny this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzburger voting for the motion and none against

Item #15 *Request Benefits Committee to produce a new health insurance plan, design that results in no net increase in cost next year compared to the current year. (\$1,000,000)*

Councilor Wurzburger would like to discuss Items #15 and #16 together, and asked if they are related.

Mr. Millican said they do relate and they are discrete activities. One is primarily for the Benefits Committee to change the plan design so it would cost \$1 million less than the current plan. He noted there are three versions of the self insured plan, so they could adjust those three versions. The objective would be that the

estimated total cost for the plan would be \$1 million less.

Councilor Calvert said then that means reducing either the benefits or charging employees more for their share.

Mr. Millican said yes – higher deductibles, higher copays. He said under the leadership of H.R., the committee has been looking at recommendations to improve the way people make consumer choices about their medical care. Right now, they're discussing design of the current plan. Another option could be to compare our plan costs to State costs, and have that available. The second item is to look at the actuarial estimate of how much money we need in reserve for this plan versus actuals in reserves. He said the City of Phoenix declared a holiday from health insurance premiums which allowed both the employees and the City to not pay premiums for one month because there were adequate funds in the trust fund to pay for that interruption.

Councilor Calvert asked if #16 would have long-term consequences if things "soured" even more so, and would you rue the day you did this.

Mr. Millican said when you spend reserves it is possible you will rue that day if things get worse. This is non-recurring and is not a sustainable change, and it is more of a bridging change.

Councilor Wurzbarger moved, seconded by Councilor Calvert, to approve this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against

Item #16 *Request Benefits Committee to evaluate adequacy of the Health Plan fund balances to determine whether excess balances exist that would allow consideration of a partial or full premium holiday for the City and employees (\$1,000,000)*

[See #15 for discussion on this item.]

Councilor Wurzbarger moved, seconded by Councilor Romero, to approve this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against

Item #17 *Transfer eligible maintenance costs from GF to CIP GRT Fund for 2 years in addition to loan repayment \$(1,000,000).*

Mayor Coss asked if this can be done.

Mr. Millican said he gave two options. One option, which didn't work and wasn't

acceptable to the Committee was to transfer \$2 million of eligible Public Works expenditures from the General Fund into CIP GRT to be financed by the \$2 million repayment of the acquisition loan for the water company. The second, because there is fund balance available in CIP GRT, was to temporarily transfer \$1 million annually for two years. This is non-recurring and more buffering to be sure that "you keep some of that stuff going." It does not take you all the way through the five-year forecast, unless you reduce the annual amount.

Councilor Calvet moved, seconded by Councilor Wurzbarger, to approve this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against.

Item #18 *Transfer indirect costs to other funds based on internal service fund models and standard indirect cost allocation plans. See above. (\$1,000,000)*

Councilor Bushee moved, seconded by Councilor Romero, to approve this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against.

Item #19 *One day per month furlough for non-safety employees (\$980,000)*

Mayor Coss said this is personnel and is deferred.

Item #20 *Eliminate Summer Youth Program (\$600,000)*

Councilor Bushee moved, seconded by Councilor Trujillo, not to approve this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against.

Item #21 *Eliminate early retirement Program (\$560,000)*

Mayor Coss said this is personnel and is deferred.

Item #22 *Rollback 1% Non-Public Safety pay (\$502,400)*

Mayor Coss said this is personnel and is deferred.

Item #23 *Reduce work week to 36 hours – Police (\$500,000)*

Mayor Coss said this is personnel and is deferred.

Item #24 *One day per month furlough – Police (\$470,000)*

Mayor Coss said this is personnel and is deferred.

Item #25 *Suspend Police pay raises (\$349,000)*

Mayor Coss said this is personnel and is deferred.

Item #26 *Eliminate Airport commercial flights plan (\$300,000)*

Councilor Wurzbarger moved, seconded by Councilor Romero, to deny this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against.

Item #27 *Increase fees to cover full cost of providing services (\$300,000)*

Councilor Ortiz asked what this is.

Mr. Millican said generally we would have to look at fees across the board, including another look at the fees we charge for providing development services, for example, the Stormwater Fee. If they aren't picking up the cost of services, the General Fund or CIP GRT is paying the difference. These fees have been set to increase with inflation or to be consistent with competitive jurisdictions, but there hasn't been a significant cost of service analysis to tell us what it costs to provide services.

Councilor Bushee asked if we have to go to the Legislature to increase the business permit fee which is ridiculously low.

Robert Romero said the Stormwater Fee is intended to be used to improve stormwater quality. Currently, the street sweepers improve stormwater quality. The park staff who works in the river and clears the river increase stormwater quality. There is a lot we do which isn't covered by the fee, but which could qualify. If we increased that fee, we could reduce General Fund costs in Parks and in Streets.

Responding to Councilor Bushee, Mr. Millican gave the example of the increase of Development Fees, noting those fees probably aren't covering the cost of delivering services.

Councilor Bushee said this Council adopted a resolution saying if we increased Development Fees the funds would be used for increased staffing, and asked if that is out of the mix.

Mr. Millican said some of that planning was done at a different time and in a different economy.

Councilor Trujillo asked if the Stormwater Fee is included in the water bill.

Mr. Romero said this is correct.

Councilor Trujillo doesn't believe we should raise this fee any more.

Councilor Trujillo moved, seconded by Councilor Wurzbarger, not to approve this option at this time.

Discussion: Councilor Wurzbarger asked if this includes fees or costs related to, for example, Plaza events and the services we provide.

Mr. Millican said this fee proposal was envisioned to represent a comprehensive review of fees versus cost of services.

The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Trujillo and Wurzbarger voting for the motion and Councilor Romero voting against.

Item #28 *Reduce General Fund support for Seniors Program (\$200,000)*

Councilor Calvert moved, seconded by Councilor Trujillo, to not approve this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against.

Item #29 *Transfer part of cost incurred to support commercial flights plan from CIP GRT to Lodging Tax Fund (\$200,000)*

Councilor Calvert moved, seconded by Councilor Wurzbarger, to not approve this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against.

Item #30 *Reduce General Fund support for MRC and GCCC (\$200,000)*

Councilor Bushee said we asked them to come back with a 15% reduction in enterprise fund.

Councilor Calvert said that was to be part of the budget process.

Councilor Bushee said, "We did already. We asked them as part of a motion on the first one to go ahead and review all the enterprise funds and fund 15% reduction."

Mr. Millican said this is a specific General Fund transfer out to those funds to support those funds, and might be different than the result, and saves the General Fund.

Councilor Bushee is concerned about the GCCC.

Councilor Ortiz said it appears that #30 is nested in #32.

Mayor Coss said previous direction is that staff should be implementing #32 through #36.

Councilor Wurzbarger moved, seconded by Councilor Calvert, to approve this option.

Discussion: Councilor Bushee asked where they will find a 15% reduction if this is necessary.

Councilor Ortiz said if the MRC and GCCC have to come up with the same 15% efficiency allocation as part of the budget process, then the 15% allocation would vitiate the need to have \$200,000 from the General Fund.

Mr. Millican said without further analysis he can't answer this question directly. They would have to become more efficient if the General Fund support was reduced.

Withdrawal of motion: The maker and second withdrew their motion to approve.

Councilor Bushee would like to postpone this item until "you see what you get."

Mr. Millican said he wants to verify that looking at the enterprise funds includes 15% for the utilities, and Councilor Ortiz said yes. Mr. Millican said he would note that they may have to come back with different numbers for utilities because they have high fixed costs.

Councilor Bushee moved, seconded by Councilor Wurzbarger, to postpone this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against.

Item #31 *Rollback 1% Public Safety pay (\$182,000)*

Mayor Coss said this is personnel and is deferred.

Item #32 *Reduce Recreation Center and Library hours and days (\$150,000)*

Councilor Ortiz moved, seconded by Councilor Chavez, that staff come up with a plan on Options #32 through #36.

Discussion: Councilor Wurzburger said people who are out of work are going to the library because they don't have computers, and this is of concern to her and she will be watching this closely.

Councilor Bushee agrees, and doesn't like #32 lumped in here.

Councilor Calvert said he thought #34 and #35 were personnel things, but Councilor Wurzburger said these are more management things.

Friendly amendment: Councilor Bushee would like to amend the motion for staff to come up with a plan for Options #33, #34, #35 and #36, and to have a separate vote on #32. **The amendment was friendly to the maker and second and there were no objections by the other Councilors.**

Mr. Millican said Item #35 isn't just the elimination of administrative leave. It converts the leave to unpaid time, so that would be a negotiated item. If you don't do administrative leave, you are working on labor productivity issues but not on cost savings.

Councilor Wurzburger said whether negotiated or not, we are just giving direction on what to look at.

Mayor Coss said, "I think if we take #32 out, it just says look at that and get what cost savings you can on #33 through #36."

The motion, as amended, was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzburger voting for the motion and none against.

Councilor Wurzburger said she would be willing to consider the REC because it's not the same as the library, which relates to the economic issue of people needing to go to the library for entertainment as well as to look for jobs. She would look at reducing the REC.

Councilor Bushee suggested looking at all special revenue funds for efficiencies.

Councilor Bushee moved, seconded by Councilor Trujillo, to postpone Item #32 until we see what comes back from the REC and the Library.

Discussion: Mr. Millican said these are examples of the list containing specific actions versus your choice to do a 15% reduction. It is possible that the department would like to talk to you about whether or not reduction of hours could help them reach the target. He would like permission to listen to the caution and concern and build that into the plan.

The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbürger voting for the motion and none against.

Item #33 *Implement Citywide effectiveness and efficiency program (\$150,000)*

No action. Staff to develop a plan.

Item #34 *Strict limits on overtime and comp time (\$150,000)*

No action. Staff to develop a plan.

Item #35 *Unpaid leave for current administrative leave holidays (\$150,000)*

No action. Staff to develop a plan.

Item #36 *Restructuring related to retirements and vacancies (\$100,000)*

No action. Staff to develop a plan.

Item #37 *Suspend or slow construction of new parks and facilities to reduce future maintenance and facility operation budgets (\$100,000).*

Councilor Bushee moved, seconded by Councilor Chavez, to not do this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbürger voting for the motion and none against.

Item #38 *Recover indirect costs from restricted funding sources where allowed (\$100,000)*

Mr. Millican said when we get grant funds, frequently those funds might allow reimbursement for indirect costs. Historically, the City has tried to see that those funds which could go to indirect costs are spent instead on programs. He said if those are allowed to be spent on indirect costs, we would recommend picking them up to recommend the General Fund.

Councilor Wurzbarger moved, seconded by Councilor Calvert, to approve this option. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against.

Councilor Wurzbarger

Item #39 *Improve investment portfolio performance by using discretionary portfolio management and improving cash flow analysis to extend maturities (\$100,000)*

Councilor Wurzbarger moved, seconded by Councilor Romero, to approve this option.

Mr. Millican said currently there is a very conservative investment approach and we've not been paid for investing for longer periods of time. However, in the current economy, if you invest longer you get higher yields than if you invest shorter. Staff will return with plans to extend the average duration of the portfolio and to consider the use of discretionary portfolio management.

Item #40 *Restructure debt to extend maturities where feasible (\$ amount not yet known)*

No action. Mr. Millican noted there are no significant restructuring opportunities for the City at this time.

Item #41 *Change from Vacation/Sick program to General leave for non-union employees (\$detailed estimates required)*

Mayor Coss said this is personnel and is deferred.

Item #42 *Eliminate comp time for non-union FLSA overtime exempt positions (\$detailed estimates required)*

Councilor Ortiz asked why this is permitted, and asked if this is a Fire Department issue.

Mayor Coss said it is all managers, and instead of time and a half they get straight time, but they get comp time instead of pay.

Kristine Kuebli, Human Resource Director, said there has been a policy in place since 1992 which allowed for FLSA exempt employees to accrue comp time. There is a section in the Personnel Rules which also addresses comp time, so this has been on the books for many years. Ms. Kuebli said, "What we are proposing is to eliminate for that reason the employees are not entitled to comp

time or overtime under FLSA and we are proposing to eliminate that and restructure it and address it in the current annual and sick leave policy."

Responding to Councilor Wurzbarger, Councilor Romero said the value is \$516,000.

Councilor Ortiz said then some people who are in the audience this evening who are FLSA exempt are entitled to comp time instead of overtime, and Ms. Kuebli said this is correct.

Ms. Kuebli said the exclusion is that department directors do not accrue overtime and are exempt from that.

Supplemental

Item #1 *Change from Vacation/Sick leave program to general leave for non-union (\$1,240,380)*

Mayor Coss said this is personnel and is deferred.

Supplemental

Item #2 *Reduce overtime by 25% (\$1,033,800)*

Mayor Coss said this is personnel and is deferred.

Supplemental

Item #3 *Eliminate comp time for non-union FLSA overtime exempt positions (\$516,850)*

Mayor Coss said this is personnel and is deferred.

Supplemental

Item #4 *Eliminate City support for school guard program (\$178,000)*

Councilor Trujillo moved, seconded by Councilor Chavez, not to approve this Option and to continue support for this program. The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against.

Wrap-up Discussion/Action

Councilor Ortiz said his rough estimate of the Options we have approved is about \$15.85 million in reductions. He said some of the reductions we have approved necessarily require the departments and divisions to look at personnel costs.

Councilor Ortiz moved, seconded by Councilor Wurzbarger, “without having to go line by line on some of the other items, I would make a motion with the following findings:

- 1. that these particular costs and the direction we gave will be included in next year’s budget;**
- 2. of these proposed cuts, the City Manager and Department Directors are directed to look at personnel costs, both bargaining unit and non-bargaining unit positions as a part of reaching these targets; and**
- 3. that it is absolutely critical for management to begin negotiations now with those bargaining units that are currently under contract in order to effect these particular changes;”**

and that we direct the City Manager and the Finance Director to come up with appropriate personnel cuts to accomplish the financial direction that the Governing Body gave for Fiscal Year 2009 and 2010.

Discussion: Councilor Bushee said this is a fair motion, and something she hoped we would have done six months ago. She is asking staff not to take the same cautious approach they were taking six months ago. Staff came here this evening asking this Governing Body to make some serious commitments, and she hopes staff will keep the mix on the table and come back with a really balanced, fair approach, but that staff won’t keep waiting to see what next month’s gross receipts will look like.

Mayor Coss said staff will now come back with a General Fund budget which is \$16 million less than the one out of which we cut \$5 million this year.

The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzbarger voting for the motion and none against.

Councilor Wurzbarger moved, seconded by Councilor Chavez, to direct staff to come back with a proposal to cut contracts which can be cut by 15%.

Discussion: Councilor Chavez asked if this relates to the list of contracts.

Councilor Wurzbarger said yes, this is for ongoing or future contracts, and would not include PNM.

Mr. Millican said staff intent is to move from this list to work with the departments to focus on next year’s operations.

Councilor Ortiz said direction will be given to staff once the Finance Committee meets.

Mayor Coss asked if this is inside or outside of the 15% cuts for fund budgets.

Councilor Wurzburger said that depends on the funding source.

The motion was approved on a voice vote with Councilors Bushee, Calvert, Chavez, Ortiz, Romero, Trujillo and Wurzburger voting for the motion and none against.

Update on the Stimulus Package

Councilor Bushee requested an update on the Stimulus Package.

Mayor Coss said there is a stimulus package which will have funds for public safety, energy, energy development block grants, community development block grants, affordable housing, art and then shovel-ready infrastructure projects and public transportation. He said whatever funds we might receive would really ameliorate/assist with our problems.

Mr. Romero understands the funding will be funneled to the municipalities from the federal government as it always has been. He said, for example, the Airport is working with the FAA, Transit is working with the FTA, and Transportation is working with the DOT. He said there is a lot of detail relating to Transportation projects. At one time, he heard they were going to let the Highway Commission decide how to spend the funds. However, now he understands that 40% of the money has to go to local governments through the MPO RPO process which is good. He said they want about 50% of Transportation funds to be under contract or have a bid by 75 days after the President signs the bill. This means by about May 6, 2009, they want projects already awarded or bid with a low bid.

Mr. Romero said they will be bringing forward some small change orders to design contracts to expedite design on some of these projects. He said it sounds like there will be \$10 million in transportation projects for District #5 which has to be spent or under contract by May 6th. He said that means we're competing with Farmington and regional MPOs such as Espanola and the Santa Fe MPO.

Mr. Romero said staff is working on previously approved projects, such as the Airport Road project. He said the Siler Road project has been funded with GRIP funds, so it is unlikely we'll get any funding from the Stimulus Package for Siler. He said we are asking for funding to do landscaping on the Rodeo Road project which was completed, but didn't have funding for landscaping. There may be funding for paving projects, so staff is preparing bids to pave portions of Cerrillos Road and Airport Road in the event we don't get safety funds.

Mr. Romero said funding will be coming down in many different areas – trails, repaving, new construction. Staff is trying to be as prepared as possibly to qualify.

Councilor Bushee asked if the water company can get a shovel-ready energy efficiency project going.

Mr. Romero said the energy efficiency is new and he is unsure how that will come down.

Ms. McCormick said there are quite a few on clean energy, for example looking at some

of the City buildings we're working on and the loan fund. She said the energy funds will go through EPA, and she's trying to determine if it will go through the State or directly to the City. She said there are energy block grants which she believes will come directly to the City.

Ms. McCormick said they are tracking the workforce training. She said there will be an increase in CDBG funding for the first time in five years.

Responding to Councilor Bushee, Ms. McCormick said she believes she will have to go after all of the "bits and pieces" for her shop, such as the housing programs and we'll have to make a case for the funds.

Mr. Romero said it sounds as if the bill will provide that a certain portion of the funds must go to municipalities.

Mr. Montman said he has a \$2.5 million project ready to go, and another about ready to go, and the FAA has indicated it will fund both this year. There also are two designed projects totaling another \$13 million for next year.

Mayor Coss said it would behoove the City Manager to have a team focused on getting the most we can once the President signs the bill.

Mr. Romero said he will prepare something in writing for the next meeting when there is more information.

Councilor Chavez said in the Stimulus Package there is discussion about tourism and the arts portion and how that generates revenue. He spoke about two bills with appropriations in this regard. He suggested we spend some time on that infrastructure as well to identify funding in those areas.

G. ADJOURN

There being no further business to come before the Governing Body, and upon completion of the Agenda, the meeting was adjourned at approximately 7:40 p.m.

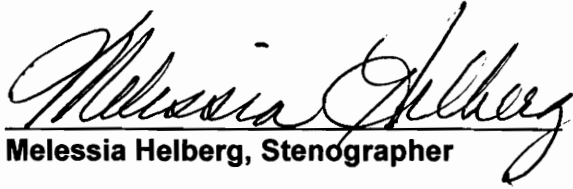
Approved by:

Mayor David Coss

ATTESTED TO:

Yolanda Y. Vigil, City Clerk

Respectfully submitted:

A handwritten signature in cursive script, reading "Melessia Helberg". The signature is written in black ink and is positioned above a horizontal line.

Melessia Helberg, Stenographer